



BUDGET 2017/18

PRESENTATION TO COUNCIL
30 MARCH 2017

KEY FOCUS AREAS FOR THE BUDGET- CIRCULAR GUIDELINES

- Circular 86- re-emphasises the purpose of conditions transfers by National Government and that municipalities must budget according to allocations in the DORA
- Circular 86- re- emphasises the implementation of mSCOA by all municipalities come 1 July 2017
- Circular 86- re-emphasises that revenue projections need to be conservative amid poor collection level influenced by the poor growth rate of the economy

KEY FOCUS AREAS FOR THE BUDGET- CIRCULAR GUIDELINES

- NERSA approved and published guidelines on municipal increases of 8 per cent for bulk purchases.
- Employee cost budget is aligned to finalized Salary Wage Agreement applicable currently at 6.4 per cent plus 1
- Remuneration of Councillors is aligned to applicable Upper Limits approved
- Municipalities are reminded to review the level and structure of their tariffs carefully with a view to ensuring tariffs are fully cost reflective and cover cost of bulk services
- General increase of 6.4 % for services

OPERATING INCOME EXCL CAPITAL

EC106 Sundays River Valley Municipality					
Description	Current Year 2016/17		2017/18MTREF		
R thousand	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Revenue By Source</u>					
Property rates	38 201	42 802	35 673	38 025	40 543
Service charges - electricity revenue	13 098	17 268	15 869	16 805	17 779
Service charges - water revenue	17 978	17 978	12 293	13 019	13 774
Service charges - sanitation revenue	4 413	4 821	3 183	3 371	3 567
Service charges - refuse revenue	8 315	7 780	5 098	5 389	5 690
Rental of facilities and equipment	27	30	36	38	40
Interest earned - external investments	1 533	1 623	1 653	1 747	1 845
Interest earned - outstanding debtors	5 000	10 251	19 609	20 744	21 924
Fines, penalties and forfeits	4 240	3 011	3 172	3 267	3 431
Licences and permits	1 644	2 171	2 647	2 913	2 935
Agency services	1 728	2 361	2 715	2 986	3 344
Transfers and subsidies	67 055	66 342	70 769	77 606	83 987
Other revenue	7 516	6 532	546	580	607
Total Revenue (excluding capital transfers and contributions)	170 748	182 972	173 263	186 491	199 465

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Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 446	40 886	40 000	40 302	41 676
Total Revenue (excluding capital transfers and contributions)	204 194	223 858	213 263	226 793	241 141

GRANTS FOR 2017/18

Grant	Funder	2017/18	2018/19	2019/20
Equitable share	National Treasury	62 226 000	68 635 000	74 162 000
Equitable share - Councillor & ward committee support	National Treasury	3 141 000	3 298 000	3 456 000
Finance Managemeng grant	National Treasury	2 345 000	2 600 000	2 860 000
MIG	National Treasury	26 000 000	27 302 000	28 676 000
Intergrated National Electrification Programme	National Treasury	13 000 000	13 000 000	13 000 000
EPWP	National Treasury	1 000 000		
TOTAL	NATIONAL	107 712 000	114 835 000	122 154 000
Library	Provincial	1 200 000	1 200 000	1 200 000
TOTAL	PROVINCIAL	1 200 000	1 200 000	1 200 000
Environmental health	SBDM	1 303 910	1 316 949	1 448 644
Fire	SBDM	500 000	500 000	500 000
TOTAL	DISTRICT	1 678 910	1 691 949	1 948 644
IN-KIND ALLOCATIONS				
National Electrification programme (eskom) grant	National Treasury	8 526 000	8 526 000	9 020 000
RBIG	National Treasury	6 000 000	11 000 000	2 000 000
MSIG	National Treasury	788 000		2 000 000
TOTAL	National Treasury	15 314 000	19 526 000	13 020 000

REVENUE HIGHLIGHTS

- REVENUE BASKET HIGHEST CONTRIBUTES ARE RATES AND SERVICES . THESE ARE ANTICIPATED REVENUES AS PER THE ACTUAL BILLING PERFORMED
- THE SECOND HIGHEST CONTRIBUTOR IS GRANTS RECEIVED. THESE ARE IN LINE WITH THE DORA ALLOCATION
- OWN REVENUE ITEMS CONSISTS OF THE FOLLOWING AT R9.1 MIL BEING:
 - FINES
 - AGENCY FEES
 - LICENCE AND PERMITS
 - RENTAL
 - OTHER INCOME

OPERATING EXPENDITURE

EC106 Sundays River Valley Municipality					
Description	Current Year 2016/17		2017/18 MTREF		
R thousand	Original Budget	Adjusted Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type					
Employee related costs	53 418	52 721	51 585	55 042	58 680
Remuneration of councillors	6 310	6 240	5 934	6 331	6 749
Debt impairment	34 967	16 967	16 967	16 967	16 967
Depreciation & asset impairment	35 000	30 000	30 000	30 000	30 000
Finance charges	2 644	2 644	3 859	3 974	4 002
Bulk purchases	20 495	20 588	22 167	23 838	25 632
Other materials	6 304	8 422			
Contracted services	4 026	10 025	26 481	26 591	27 901
Transfers and subsidies	17 970	28 624	–	–	–
Other expenditure	35 970	35 751	27 808	29 396	31 245
Loss on disposal of PPE					
Total Expenditure	217 103	211 982	184 800	192 139	201 177

EXPENDITURE HIGHLIGHTS

- EMPLOYEE COST INCREASED BY 7.4% AS PER WAGE AGREEMENT. ONLY CRITICAL VACANCIES HAVE BEEN CONSIDERED IN THE BUDGET
- REPAIRS AND MAINTAINANCE ARE IMPORTANT FOR CONTINUITY HOWEVER THE MUNICIPALITY FAILS TO COLLECT ENOUGH FUNDS TO PRIORTISE MAINTAINANCE OF ASSET
- BULK PURCHASE INCREASED ABOVE THE CPI AT 8% AS PEP NERSA DIRECTIVE
- OTHER EXPENDITURE HAS REDUCED TO 27.8 MIL DUE TO STRINGANT CASH CONTAINMENT MEASURE IMPLEMENTED

NEW POSITIONS TO BE ACTIVATED

- PROVISION WILL BE MADE FOR THE FOLLOWING POSTS
 - THESE HAVE NOT BEEN CATERED FOR IN THE DRAFT BUDGET AS THE COUNCIL IS YET TO APPROVE THE DRAFT ORGANOGRAM

CAPITAL PROGRAMME

- When it comes to funding the capital budget the municipality is largely reliant on national conditional grants.
- MIG will be used to fund infrastructure assets
- Cash reserves fund will be used for office buildings
- Remaining assets will be acquired through own revenue collection therefore cash flows need to be improved to ensure all assets required are bought.
- 93 per cent of the Capital budget is funded by Grants and will be allocated as follows:
 - Upgrading of Valencia Water Supply- R12 629 208
 - Upgrading of Paterson Waste Water Treatment Works- R4 468 009
 - Upgrading of Local Distributor Roads- Paterson Link Road-R6 723462
 - Rehabilitation of Bulk Pipeline in Kirkwood, Enon, Bersheba, Addo and Paterson- R517 089
 - Upgrading of Gravel Roads- Emsengeni Bulk Taxi Route- R500 000
 - Electrification Programme: R13 000 000

POLICIES

- Budget and treasury policies need to be adopted prior to the beginning of the 2017/18 FY
- Policies to be considered include the following:
 - SCM Policy
 - Asset Policy
 - Credit Control and Debt Collection Policy
 - Cash Management Policy
 - Tariff Policy
 - Rates Policy
 - Financial Management Policy
 - Business Continuity Plan
 - Financial Intern Retention Plan

SCOA PROGRESS

- AWARENESS AND GOVERNANCE IS BEING PERFORMED ON AD HOC BASIS CONTINUOUSLY
- STRUCTURES HAVE BEEN ESTABLISHED FOR IMPLEMENTATION MONITORING
- RISK REGISTER NEEDS TO BE DEVELOPED
- IT ASSESSMENT PERFORMED AND BUSINESS PROCESS REVIEW UNDERWAY
- CURRENTLY CONVERTING AND ALIGNING DRAFT BUDGET AND IDP TO SCOA CHART AS LEGISLATED
- PROJECT EXECUTION IS AT 65 PER CENT
- AUDIT FILE IS UPDATED ACCORDINGLY

BUDGET 2017/18 FY

THANK YOU !!!!!!!!!!!